

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211



Phone: (803) 737-0800
Fax: (803) 737-0801

DAN F. ARNETT
CHIEF OF STAFF

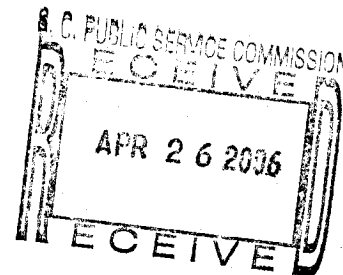
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VIA U.S. MAIL

April 24, 2006

John M.S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202-8416

Benjamin P. Mustian, Esquire
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202-8416



RE: Application of United Utility Companies, Incorporated for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Water and Sewer Service
Docket No. 2006-107-WS

Dear Mr. Hoefer:

Please find enclosed and served on you the Office of Regulatory Staff's First Continuing Data Requests in the above referenced matter. Please let me know if you have any questions.

Sincerely,

Shannon Bowyer Hudson
Shannon Bowyer Hudson

SBH/pjm

Enclosure

cc: Charles L.A. Terreni, Esquire (w/encl)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2006- 107 -W/S

IN RE: Application of United Utility)	
Companies, Inc. for Adjustment)	
Of Rates and Charges and)	Office of Regulatory Staff's First
Modification to Certain Terms and)	Continuing Data Request
Conditions for the Provision of)	
<u>Water and Sewer Service</u>)	

**TO: JOHN M. S. HOEFER, ESQUIRE, and BENJAMIN P. MUSTIAN
ATTORNEYS FOR THE APPLICANT, UNITED UTILITY COMPANIES,
INC. ("UUCI" or "the Company")**

INSTRUCTIONS

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2004), that the Applicant answer the following data requests in writing and under oath and serve the undersigned within ten (10) days after service of this Data Request at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person, to provide the full name, title, and current address and telephone number of the person. When asked to identify or provide a document, "identify" and "provide" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may

attach to your responses a copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means mailing address and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) responsible for the information contained in each response be indicated.

- I. That the Company provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.
- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.

QUESTIONS

- 1.1 Identify the names and business titles of all people who provided information for the preparation of the Application.
- 1.2 Identify the names and business titles of all people who provided information for the preparation of the Application exhibits. Indicate the individuals who calculated the numbers for each Application exhibit and list the appropriate exhibit next to the individual's name.
- 1.3 Identify any construction and/or upgrades proposed or taking place at facilities operated by UUCI since the 2000-210-W/S rate case application was filed. Provide the project description and timeframe for completion.
- 1.4 State the actual and projected costs of each construction and/or upgrade listed in response to 1.3.
- 1.5 Identify any subsidiary, parent and affiliated companies of UUCI and state which entities, if any, are regulated by the Public Service Commission of South Carolina.
- 1.6 Identify all related party transactions during the test year. Related party transactions include, but are not limited to, all transactions between UUCI and employees, officers, affiliated companies, parent company, subsidiaries and its employees or officers thereof.
- 1.7 Identify all businesses that share any office space with UUCI.
- 1.8 List all real estate and land rights owned by UUCI. Please state the date of the purchases or acquisitions, the purchase price, and the location of the real estate and the physical areas to which any land rights apply.

- 1.9 List all real estate and land rights, if any, sold by UUCI since the last UUCI rate case. Please state the date of the sale, the sale price, and the location of the real estate sold and the physical areas to which any land rights applied.
- 1.10 Provide a detailed listing of the number of residential and commercial customers as of October 1, 2004, September 30, 2005 and April 30, 2006. Provide a detailed breakdown of Application Exhibit B page 14 by customer classification, service type and zip code of service area. Please also provide this electronically via an Excel spreadsheet.
- 1.11 State UUCI's practices and procedures for employee and officer bonuses.
- 1.12 Provide any written guidelines for inspecting systems and/or performing maintenance on UUCI systems. Provide a schedule of maintenance for all systems listed in Application Exhibit C page 2, indicating the type of maintenance and status (i.e. completed, on-going, anticipated, etc.) for the following calendar years: 2004, 2005, 2006, 2007, and 2008.
- 1.13 Provide details and documentation regarding any DHEC fines paid or assessed during the test year ending September 30, 2005. If DHEC fines were paid or assessed:
 - a. Identify the reasons and in what amounts the fines were issued;
 - b. Provide a copy of the orders dictating the fines; and,
 - c. Indicate where the impact of fines is illustrated in UUCI's financial statements.
- 1.14 Indicate any outstanding noted violations by DHEC since the last rate case Data Requests. If DHEC violations were noted, describe the violations and provide a copy of the documentation generated by DHEC (i.e., notice of violations, warning letters, etc.). If applicable, provide a copy of UUCI's response.
- 1.15 Provide the most current DHEC Drinking Water Sanitary Survey for the drinking water system listed on page 2 of Application Exhibit C.
- 1.16 Provide the most current DHEC Wastewater Treatment Facility Operation and Maintenance Evaluation Report for all wastewater systems listed on page 2 of Application Exhibit C.
- 1.17 Provide a copy of the complete customer complaint log detailing all recorded customer service and billing complaints for the drinking water and sewer systems during the test year ending September 30, 2005.
- 1.18 Provide a copy of the complete customer complaint log detailing all recorded customer service and billing complaints for the drinking water and sewer systems for the time period October 1, 2005 through April 30, 2006.

- 1.19 Subsequent to the last rate case, has UUCI had a change in ownership, a change in stock holdings or any change in its corporate structure? If so:
- Set forth and describe the prior ownership arrangement and the current ownership arrangement.
 - Provide a copy of the latest organizational structure of UUCI, its sister companies, and its parent companies.
 - Describe the relationship between Nuon Global Solutions USA, Inc., Hydro Star, AIG Global Investment Group, Utilities, Inc., and UUCI.
 - Are any of the revenues generated by UUCI passed to any of the above referenced companies? If so, describe the financial relationship.
- 1.20 Provide a copy of UUCI's performance bond that satisfies the requirements of S.C. Code Ann. §58-5-720 and Public Service Commission Regulations 103-512.3. and 103-712.3.
- 1.21 Are there any outstanding or pending loan agreements involving UUCI? If so, for each loan:
- State whether the loan is approved and finalized;
 - State whether UUCI is in receipt of the funds from the loan agreement;
 - Provide the loan amount;
 - Provide the interest rate;
 - Provide the loan period in months;
 - State the lender;
 - State the use or planned use of the loan; and,
 - Provide a copy of each loan agreement, its applicable amortization schedule, and any other relevant documentation.
- 1.22 Describe any financing from Utilities, Inc. ("UI") to UUCI in the form of donations, contributions, loans or transfers for the purposes of capital projects, construction work-in-process, allowance for funds used during construction, or contributions in aid of construction. Please specify the terms or conditions of any such loans, contributions or transfers.
- 1.23 Apart from items mentioned in response to 1.22, what payments or transfers have been made from UUCI to UI each year for the past three years? Which of these payments or transfers represent profits paid from UUCI to the parent? If such payments or transfers are not the manner in which UI receives profits from UUCI, then specify how UI receives profits from UUCI.
- 1.24 List, in chronological order, by test year, by customer classification/bill code and by month, the total number of bills issued to customers during 2003, 2004 and 2005. Please include the Management Customer Summary Report for each UUCI bill code for this timeframe.

- 1.25 State whether UUCI operates on a calendar or fiscal year. If UUCI operates on a fiscal year, please state during which month the fiscal year begins and ends.
- 1.26 Provide a copy of all contracts UUCI has with bulk water providers and wastewater treatment and disposal providers.
- 1.27 Identify each third party or municipal entity providing bulk water and wastewater treatment and provide the average monthly consumption per customer and the bulk rate per 1,000 gallons.
- 1.28 Provide all water consumption data for the test year ending September 30, 2005, including gallons billed by bill code and test year month. Please also provide this electronically via an Excel spreadsheet.
- 1.29 Itemize the components of the "Regulatory Commission Exp." as referenced in Application Exhibit B, page 2, 3, and 4, and provide a list of the itemized legal expenses and postage through the current date for this rate case.
- 1.30 Provide the amount of accrued interest on customer deposits as of October 1, 2004 and September 30, 2005.
- 1.31 Provide the amount listed in uncollectible accounts as of October 1, 2004 and September 30, 2005 and provide the calculation for the proposed uncollectibles associated with the rate increase.
- 1.32 Provide the amount of water pumped, purchased, and sold by UUCI during the test year ending September 30, 2005. Please also provide this electronically via an Excel spreadsheet.
- 1.33 Provide the Safe Drinking Water Act ("SDWA") fees paid by UUCI during the test year ending September 30, 2005 and for 2004. Provide an estimate of the SDWA fees due for calendar year 2006.
- 1.34 Provide the complete detail of all miscellaneous revenue for the test year ending September 30, 2005 as listed on Application Exhibit B pages 2, 3, and 4.
- 1.35 Provide a complete detail of pro forma plant and pro forma plant retirements as listed on Application Exhibit B pages 6, 7, and 8. The detail should include project description, detailed expense amounts and service life estimates for all assets. Also detail how pro forma plant additions will be financed including the amounts and lending institution.
- 1.36 Provide copies of monthly invoices for purchased wastewater treatment provided by a third party entity for all wastewater collection only customers during the test year ending September 30, 2005. Identify the area(s) serviced on each invoice.

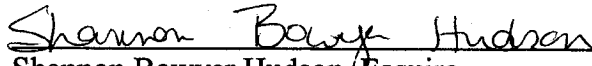
- 1.37 List the vendor name and the expense amount for the provider of supplemental water for the test year ending September 30, 2005.
- 1.38 Provide the amount in gallons of water unaccounted for by month during the test year ending September 30, 2005.
- 1.39 Provide a list of the number of units converted from wastewater treatment classification to wastewater collection only classification during the test year ending September 30, 2005.
- 1.40 Application Exhibit A, Page 1: The third full paragraph on this page discusses how the utility will bill customers receiving water service where "it is impractical to meter each unit separately." Given this scenario, please describe how UUCI will deal with a delinquent customer of a multi-unit building consisting of less than four residential units served by a single meter.
- 1.41 Application Exhibit A, Page 5: Section 3.b. discusses how UUCI will waive the "Customer Account Charge – for new customers only." Will the fee be waived if the customer takes the service at a different time from the water service?
- 1.42 Is the cost included with this rate adjustment request for UUCI to comply with the National Primary Drinking Water Regulations: Stage 2 Disinfectants and Disinfection Byproducts Rule that was promulgated by EPA on January 4, 2006? If so, please provide the details of the cost associated with compliance and the schedule for submittal of the various documents to the appropriate regulatory authority.
- 1.43 Application Exhibit A, Page 5: Section 3.c. discusses the reconnection charge for sewer service. Explain how UUCI will charge a customer when an elder valve exists as required by Commission Order No. 94-367.
- 1.44 Provide detailed work papers for all proposed accounting and pro forma adjustments for revenues, expenses and rate base on Application Schedule B and C.
- 1.45 Does UUCI claim or anticipate claiming any state tax credits? If so, list the amount of the tax credit (or expected tax credit), and state where is it included in the financial information submitted with the Application.
- 1.46 Identify employees and officers employed at September 30, 2004, and 2005, including their position, date of hire, salary, bonuses, hours worked per week, exempt/non-exempt status, and duties.
- 1.47 Provide information on the following:

- a. How many taps have been connected to the systems owned by UUCI from inception of the system to the present? Please provide the number of taps by calendar year.
 - b. How much revenue from tap fees has been collected from customers from inception of the system to the present?
 - c. What is the maximum number of taps that can be installed on the present system?
 - d. How many taps do you anticipate making per year during the next five years?
 - e. What were the total costs expensed for taps each period ending September 30, 2003, 2004, and 2005?
 - f. What were the total costs capitalized for taps for each period ending September 30, 2003, 2004, and 2005?
- 1.48 Provide continuing property records that show for each plant account the amounts of annual additions and retirements, classified to show the number and the cost of the various retirement units or other appropriate record units included therein. See the NARUC Uniform System of Accounts for Class A Water and Wastewater Utilities – Accounting Instruction #28 for Utility Plant - Work Order and Property Record System Required. The continuing property records must provide the following data: (1) name of item(s), serial numbers or other company numbers, and a description of the item(s); (2) location of the property unit(s) and department or subdivision which is responsible for its custody; (3) date acquired and from whom; (4) cost of the asset(s); (5) an estimate of service life and salvage value; (6) other factors pertinent to depreciation accounting such as monthly and yearly rate (percent) and actual dollar deduction; (7) recorded accumulated depreciation; (8) whether depreciation is calculated on a unit or group basis; (9) all additions, modifications, and retirements including physical count and cost as recorded on the continuing property records; (10) taxing district in which property is located; and (11) asset control account and numbers to which property is charged.
- 1.49 Provide a detailed explanation and examples of the company's current policy for removal of retirement units from plant in service. How is the value of a retirement unit currently determined? What is the basis, source, citing or instructions for the company's current policy?
- 1.50 Provide the complete, detailed General Ledger for both Water Service Corporation ("WSC") and UUCI for the test year ending September 30, 2005. Please also provide this in an electronic formant (such as Microsoft Excel) on compact disc for import to an electronic spreadsheet.
- 1.51 Provide separate Working Trial Balances for WSC and UUCI for fiscal years ending September 30, 2003, 2004, and 2005. Please also provide this in an electronic formant (such as Microsoft Excel) on compact disc for import to an electronic spreadsheet.

- 1.52 Provide a copy of WSC's Distribution of Expenses Report used to allocate expenses for the test year. What accounting period did WSC use to allocate expenses to UUCI's September 30, 2005 test year?
- 1.53 Provide a copy of the most recent consolidated financial statements for UI and its affiliated companies.
- 1.54 Provide the schedule of Long-Term Debt, Equity and Interest Expense on Long-Term Debt used to compute the 59.10%/40.90% debt/equity ratio and the 6.42% cost of debt as used in the UUCI's application.
- 1.55 List and describe any settlements as well as pending or potential lawsuits that directly or indirectly have or may have an effect on UUCI's customer rates.
- 1.56 Does UUCI anticipate any change in its financial relationship or capital structure as a result of the sale of UI to Hydro Star, LLC?
- 1.57 Does UI anticipate issuing widely held and traded stock within the next three years?
- 1.58 Does UUCI have any bonded indebtedness? If there is bonded indebtedness secured by UUCI, how much has been secured to finance UUCI? Provide the bond rating and identify the rating company.
- 1.59 List all capital projects of \$100,000 or greater planned by UUCI within the next three years.
- 1.60 Provide the composite tax factor for the test year. The composite tax factor is defined as the decimal fraction which, when divided into the required dollar increase in return results in the required revenue increase before taxes.
- 1.61 Provide a copy of any presentation material that UI (or its subsidiaries) has made to Nuon, Hydrostar or AIG Global Investment Group, in connection with the purchase of Nuon. Include any presentations or summaries referring to UUCI that have been made regarding the earnings and earnings potential of UUCI.
- 1.62 What were the total earnings during the test year? If earnings were disbursed during the test year, state in what amount and to what entities the earnings were disbursed.
- 1.63 Provide a list of the names of witnesses UUCI intends to call and the subject matter for which each witness intends to testify for the hearing in this matter.
- 1.64 Describe any current, expected or settled litigation which may affect or did affect rates paid by customers.

- 1.65 During the past three calendar years, has there been any change in the value of the stocks and dividends of UUCI? State the most recent total value and value per share of UUCI stock and dividends. Give the maximum and minimum total and per share value of stocks and dividends for the past three years.

April 24, 2006


Shannon Bowyer Hudson, Esquire
Nanette S. Edwards, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
P.O. Box 11263
Columbia, South Carolina 29211

Phone: 803-737-0889 and 803-737-0575
Facsimile: 803-737-0895